

## Message Text

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INFO OCT-01 ISO-00 PA-02 INR-07 PRS-01 SS-15 EB-08

L-03 EA-12 /061 W

-----121294 191855Z /42

O 191733Z OCT 77

FM AMEMBASSY BRUSSELS

TO USINFO WASHDC IMMEDIATE

INFO SECSTATE WASHDC IMMEDIATE 2604

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USEEC, USIAC

FOR IPS/PE: LAFE ALLEN, IEU: COHEN

STATE FOR EUR/RPE

E.O. 11652: N/A

SUBJECT: AMBASSADOR HINTON'S SPEECH IN THE HAGUE

FOLLOWING IS THE TEXT OF A SPEECH TO BE DELIVERED  
THURSDAY, OCTOBER 20, 1977 BY DEANE R. HINTON,  
U.S. AMBASSADOR TO THE EUROPEAN COMMUNITIES, BEFORE  
THE AMERICAN CHAMBER OF COMMERCE, IN THE HAGUE.  
NOT FOR RELEASE BEFORE 1230 GMT, OCTOBER 20, 1977.

BEGIN TEXT

EUROPE AND AMERICA IN A DIFFICULT WORLD

I. INTRODUCTION

YOU MAY HAVE SEEN A RECENT CARTOON WHICH SHOWED GOD  
ON THE PHONE TAKING NOTES AND SAYING, "ENERGY PROGRAM,  
JOBS, INFLATION, TRADE BALANCE -- JUST A MINUTE  
JIMMY, YOU'RE GOING TOO FAST\*" OUR PROBLEMS SEEM TO  
PILE UP FASTER THAN WE CAN COPE WITH THEM. I DOUBT THAT  
ANYONE WOULD DISAGREE WITH THE PROPOSITION THAT WE  
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LIVE IN A DIFFICULT WORLD.

I WANT TO MAKE CLEAR AT THE OUTSET, HOWEVER, THAT  
I AM NOT PESSIMISTIC ABOUT IT. I BELIEVE THAT WITH A  
CLEAR UNDERSTANDING OF THE DIFFICULTIES WE CONFRONT AND  
WITH AGREEMENT ON COMMON GOALS, EUROPE AND AMERICA  
WORKING TOGETHER CAN DEAL WITH OUR DIFFICULTIES --

OVERCOMING SOME, CONTAINING OTHERS, AND DISCOVERING  
IN THE PROCESS THAT THE POLITICAL, ECONOMIC AND SOCIAL  
FABRIC OF OUR SOCIETIES IS SOUND.

LET ME BEGIN BY IDENTIFYING THREE SETS OF DIFFICULTIES  
WHICH CONFRONT THE UNITED STATES AND EUROPE TODAY.

THE FIRST IS THE EAST-WEST PROBLEM. IDEOLOGICAL,  
MILITARY AND POLITICAL COMPETITION HAS BEEN A FEATURE  
OF US-SOVIET RELATIONS OVER THE PAST THIRTY YEARS.  
DURING THIS PERIOD, THE CORNERSTONE OF US POLICY HAS  
BEEN A CLOSE RELATIONSHIP WITH ITS WEST EUROPEAN  
ALLIES IN THE NORTH ATLANTIC TREATY ORGANIZATION.  
THE ALLIANCE HAS PROVIDED THE SECURITY WHICH ENABLED  
US TO BUILD OUR ECONOMIES AND OUR SOCIETIES. TODAY IT  
FORMS THE ESSENTIAL CONTEXT OF A STRONG WEST WHICH  
ENABLES US TO PURSUE OUR EFFORTS TOWARD THE RELAXATION  
OF TENSION WITH THE SOVIET UNION AND ITS EASTERN  
EUROPEAN ALLIES. IN THIS NUCLEAR ERA, IT IS  
IMPERATIVE THAT WE PURSUE EFFORTS TO EASE TENSIONS AND  
FIND AREAS FOR ACCOMMODATION WITHOUT ILLUSIONS ON A  
REALISTIC BASIS. IT IS ALSO IMPERATIVE THAT AMONG  
OURSELVES WE MAINTAIN OUR STRENGTH AND UNITY.

THE SECOND PROBLEM WITH WHICH THE UNITED STATES AND  
EUROPE MUST DEAL IS SOMETIMES REFERRED TO AS THE  
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NORTH-SOUTH PROBLEM. IT SEEMS TO ME THAT IN THE PAST  
THREE YEARS WE HAVE COME A LONG WAY IN DEALING WITH THE  
CHALLENGE OF ASSISTING THE POORER NATIONS OF THE  
WORLD ALONG THE DIFFICULT PATH OF DEVELOPMENT. THE TASK  
IS ENORMOUS AND SOMETIMES IT ALSO SEEMS TO BE THANKLESS.  
VOICES OF FRUSTRATION FROM THE POORER STATES SOMETIMES  
SEEM MORE POLEMIC THAN CONSTRUCTIVE. HOWEVER, WE  
MUST PERSEVERE AND RECOGNIZE THAT UNLESS ALL PEOPLES  
FEEL THEY HAVE A STAKE IN IT, NO WORLD ORDER WILL REMAIN  
STABLE. WE MUST, THEREFORE, CONTINUE OUR EFFORTS  
TO MASTER THE ENORMOUS PROBLEMS OF RAISING STANDARDS  
OF LIVING EVERYWHERE.

THE THIRD SET OF DIFFICULTIES, AND THE ONE ON  
WHICH I WISH TO FOCUS TODAY CONCERNS THE ECONOMIC  
MALAISE WHICH SEEMINGLY PREVAILS IN THE INDUSTRIALIZED  
DEMOCRACIES.

THERE IS WIDE-SPREAD UNCERTAINTY -- ANATHEMA TO  
INVESTORS -- AND GENERAL LACK OF CONFIDENCE THAT GIVES  
GREATER EMPHASIS TO OUR PROBLEMS THAN TO OUR RESOURCES,  
POLITICAL STRENGTHS AND ACHIEVEMENTS. THESE DIFFICULTIES  
FACE EUROPEANS AND AMERICANS ALIKE. THEIR SOLUTION

DEMANDS OUR URGENT ATTENTION AND COOPERATION.

II. ECONOMIC DIFFICULTIES.

DESPITE THE DIFFICULTIES, OR PERHAPS IN PART BECAUSE OF THEM, RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND THE UNITED STATES ARE GOOD THESE DAYS. THE REASONS FOR THIS ARE TWOFOLD: FIRST, IN CONTRAST TO SOME PREVIOUS PERIODS WHERE THE MAIN PROBLEMS SEEMED TO BE

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O 191733Z OCT 77

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BETWEEN THE TWO OF US, THE DIFFICULTIES THAT DOMINATE THE SCENE TODAY ARE IN REALITY GENERALLY SEEN AS COMMON PROBLEMS BEFORE BOTH EUROPE AND THE UNITED STATES. SECOND, OUR LEADERS AT THE VARIOUS SUMMITS OF THE NINE AND AT THE DOWNING STREET SUMMIT HAVE ARRIVED AT A COMMON STATEMENT OF GOALS FOR OUR SOCIETIES FOR DEALING WITH OUR DIFFICULTIES. IN VIRTUALLY EVERY CASE WHERE THERE ARE RESIDUAL DIFFERENCES OF APPROACH BETWEEN EUROPE AND AMERICA WE FIND THAT THEY RELATE TO HOW BEST TO ACHIEVE AGREED GOALS. IN SHORT, THE DIVISIONS THESE DAYS BETWEEN EUROPE AND AMERICA RELATE TO MEANS NOT TO ENDS, AND THAT, BELIEVE ME, MAKES THE LIFE OF AN AMERICAN AMBASSADOR IN EUROPE MUCH SIMPLER.

FOR EXAMPLE, MY JOB IS A LOT EASIER NOW THAT THE U.S. HAS ACCEPTED THE REALITY OF THE COMMON AGRICULTURAL POLICY AND WE HAVE MOVED ON TO CONSIDER TOGETHER HOW WE CAN ADAPT OUR SEPARATE AGRICULTURAL POLICIES TO CONCENTRATE ON THE STABILIZATION OF WORLD TRADE AND TO LESSEN HUNGER AND PROMOTE AGRICULTURAL DEVELOPMENT AROUND THE WORLD.

AT LONDON IN MAY PRESIDENT CARTER, PRESIDENT ROY  
JENKINS AND THE LEADERS OF THE MAJOR DEMOCRACIES IN  
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JAPAN, CANADA AND EUROPE LOOKED CAREFULLY AT THE WORLD  
ECONOMY AND REACHED AGREEMENT ON A COLLECTIVE APPROACH  
TO THE CHALLENGES THEY IDENTIFIED. SUBSEQUENTLY IN THE  
OECD MINISTERIAL MEETING IN JUNE THE ANALYSIS WAS REVIEWED  
BY A LARGER GROUP OF COUNTRIES AND THE MAIN LINES OF  
THE DOWNING STREET APPROACH WERE ADOPTED BY ALL OECD  
MEMBERS. TO REFRESH OUR MEMORIES I THINK IT IS WORTH  
RECALLING SOME OF THE KEY POINTS OF THE DOWNING STREET  
SUMMIT DECLARATION. THOSE PRESENT DECLARED:

"-- WE COMMIT OUR GOVERNMENTS TO STATED ECONOMIC  
GROWTH TARGETS OR TO STABILIZATION POLICIES WHICH,  
TAKEN AS A WHOLE, SHOULD PROVIDE A BASIS FOR SUSTAINED  
NON-INFLATIONARY GROWTH IN OUR OWN COUNTRIES AND  
WORLD-WIDE AND FOR REDUCTION OF IMBALANCES IN  
INTERNATIONAL PAYMENTS.

"-- WE WILL PROVIDE STRONG POLITICAL LEADERSHIP TO  
EXPAND OPPORTUNITIES FOR TRADE TO STRENGTHEN THE OPEN  
INTERNATIONAL TRADING SYSTEM, WHICH WILL INCREASE JOB  
OPPORTUNITIES. WE REJECT PROTECTIONISM: IT WOULD FOSTER  
UNEMPLOYMENT, INCREASE INFLATION AND UNDERMINE THE  
WELFARE OF OUR PEOPLES, WE WILL GIVE NEW IMPETUS  
TO THE TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS.

"-- WE WILL FURTHER CONSERVE ENERGY AND INCREASE AND  
DIVERSIFY ENERGY PRODUCTION, SO THAT WE REDUCE OUR  
DEPENDENCE ON OIL. WE AGREE ON THE NEED TO INCREASE  
NUCLEAR ENERGY TO HELP MEET THE WORLD'S ENERGY  
REQUIREMENTS. WE COMMIT OURSELVES TO DO THIS WHILE  
REDUCING THE RISKS OF NUCLEAR PROLIFERATION."

NOW TO BE FRANK ABOUT IT, SINCE LAST MAY, RESULTS  
ON THESE FRONTS HAVE BEEN MIXED AND IN SOME RESPECTS  
DISAPPOINTING -- LIMITED PROGRESS HAS BEEN MADE ON  
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ENERGY AT THE INTERNATIONAL ENERGY AGENCY MINISTERIAL  
MEETING WHERE TARGETS FOR REDUCED DEPENDENCE ON ENERGY  
IMPORTS WERE ADOPTED. THE OPENING YESTERDAY IN  
WASHINGTON OF THE INTERNATIONAL NUCLEAR FUEL CYCLE  
EVALUATION CONFERENCE IS ANOTHER STEP FORWARD.  
HOWEVER, IN THE U.S., THE CRUCIAL REQUIREMENT OF

CONGRESSIONAL ENDORSEMENT OF THE PRESIDENT'S ENERGY PROGRAM IS STILL LACKING. ON THE ECONOMIC POLICY FRONT, SOME OF THE COUNTRIES REPRESENTED AT DOWNING STREET WILL FAIL TO MEET THEIR GROWTH TARGETS THIS YEAR. ON THE PLUS SIDE, THE COUNCIL OF MINISTERS OF THE EUROPEAN COMMUNITY THIS WEEK OPENED THE WAY FOR EARLY AGREEMENT ON A WORKING HYPOTHESIS FOR TRADE LIBERALIZATION IN GENEVA. IN ALL THREE AREAS, THE GOALS REMAIN CLEAR AND OUR COMMITMENT TO THEIR ACHIEVEMENT IS ALSO CLEAR. THUS I REMAIN OPTIMISTIC THAT WITH PERSEVERENCE WE WILL GET THE JOB DONE.

NOW THE NATURE OF THE JOB IN EACH OF THESE COMPLICATED AREAS COULD BE THE SUBJECT FOR A SEPARATE SPEECH, AND INDEED SUCH SPEECHES ARE REGULARLY MADE BY SENIOR AMERICAN AND EUROPEAN OFFICIALS. RATHER THAN GOING INTO GREAT DETAIL ABOUT ECONOMIC POLICY, TRADE, OR ENERGY BY THEMSELVES I THINK I SHOULD TRY TODAY TO SUGGEST TO YOU SOME OF THE LINKAGES WHICH WE SEE AMONGST THESE SUBJECTS. SINCE THEY ARE FUNCTIONALLY RELATED ONE COULD BEGIN ANYWHERE BUT LET ME BEGIN WITH ENERGY.

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L-03 EA-12 /061 W

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TO A VERY LARGE EXTENT THE OIL EMBARGO ASSOCIATED WITH THE MIDDLE EASTERN WAR OF 1973 AND THE SUBSEQUENT QUINTUPLING OF OIL PRICES BOTH SHATTERED SOME OF THE POLITICAL HYPOTHESES ON WHICH WE HAD ALL BEEN OPERATING AND SET OFF THE DEEPEST ECONOMIC RECESSION AND THE GREATEST INFLATIONARY RAMPAGE IN THE POSTWAR YEARS. WHILE MOST OF THE REQUIRED ADJUSTMENTS IN CONSUMPTION

AND PRODUCTION FINALLY APPEAR TO BE UNDER WAY, WE ARE LEFT WITH EXCEPTIONALLY HIGH UNEMPLOYMENT RATES IN MANY OF OUR COUNTRIES, UNDER-UTILIZED INDUSTRIAL CAPACITY, A PERMANENT MARKED UPWARD SHIFT IN ENERGY COSTS RELATIVE TO OTHER FACTORS OF PRODUCTION AND A STAGGERING COLLECTIVE CURRENT ACCOUNT DEFICIT VIS-A-VIS THE OPEC NATIONS. IN FACT THIS YEAR THE COLLECTIVE DEFICIT OF OIL IMPORTING NATIONS VIS-A-VIS THE OPEC COUNTRIES WILL BE SOMETHING OVER \$40 BILLION.

THIS UNPLEASANT FACT DOES NOT SEEM TO BE WIDELY ENOUGH RECOGNIZED BUT IT REQUIRES A FUNDAMENTAL RETHINKING OF THE WORLD'S PAYMENT SITUATION. WHEREAS ONCE THE IDEAL WAS A ROUGH STATE OF EQUILIBRIUM FOR EACH COUNTRY, TODAY THE IDEAL FOR POLICY MAKERS MUST BE RATHER AN EQUITABLE SHARING OF THE COLLECTIVE AND MATHEMATICALLY INEVITABLE DEFICIT WITH OPEC. IT IS FOR THIS REASON THAT AS A MATTER OF POLICY THE US IS,

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AND BELIEVES IT SHOULD BE, RUNNING A CURRENT ACCOUNT DEFICIT. IF THE JAPANESE, GERMANS, SWISS, AND OTHERS ALSO CONTINUE TO RUN CURRENT ACCOUNT SURPLUSES, THEN THE STILL LARGER DEFICITS TO BE SHARED BY THE REST OF THE WORLD AT SOME POINT MAY BECOME UNMANAGEABLE. IT IS FOR THIS REASON AS WELL AS FOR REASONS RELATING TO FULL RESOURCE EMPLOYMENT THAT THE UNITED STATES BELIEVES IT IS IMPERATIVE THAT THE STRONGER ECONOMIES ACT VIGOROUSLY TO EXPAND THEIR INTERNAL LEVELS OF ECONOMIC ACTIVITY. SUSTAINABLE NON-INFLATIONARY GROWTH REQUIRES FISCAL AND MONETARY STIMULUS PARTICULARLY IN COUNTRIES THAT ARE EXCESSIVELY ACCUMULATING FOREIGN EXCHANGE RESERVES. THAT THE DUTCH CURRENT ACCOUNT HAS RECENTLY MOVED INTO DEFICIT SHOULD IN MY VIEW BE A SOURCE OF PRIDE NOT OF CONCERN TO YOU AND THE DUTCH AUTHORITIES.

NEVERTHELESS, NONE OF US CAN BE SATISFIED THAT THESE INEVITABLE SHORT-TERM ADJUSTMENTS REPRESENT A VIABLE LONG-TERM SOLUTION. THE STABILITY OF OUR LONG-RUN POSITION, BOTH IN A POLITICAL AND ECONOMIC SENSE, DEPENDS ON ENERGY CONSERVATION, THE MORE EFFICIENT USE OF AVAILABLE ENERGY RESOURCES, AND THE RAPID DEVELOPMENT OF ALTERNATIVE ENERGY SUPPLIES.

THIS ANALYSIS OF OUR OVERALL ECONOMIC SITUATION RIGHTLY MAKES MUCH OF THE DISTURBING PAUCITY OF EVIDENCE - ESPECIALLY IN EUROPE - THAT PRIVATE INVESTMENT IN PLANT AND EQUIPMENT IS REVIVING. THE FAILURE OF INDIVIDUAL ENTREPRENEURS AND CORPORATIONS TO INVEST

IS VARIOUSLY EXPLAINED BY INADEQUATE CONSUMER DEMAND,  
DOUBTS ABOUT LONG-RUN PROFITABILITY, AND UNCERTAINTY  
ABOUT THE COURSE OF INFLATION. THE POLICY PRESCRIPTION  
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MUST THEN BE PRUDENT MEASURES TO EXPAND DEMAND, BEARING  
IN MIND THE DANGERS OF INFLATIONARY REVIVAL, RESTRAINT  
ON BEHALF OF SOCIAL CLAIMANTS, PARTICULARLY IN THE  
WAGE AND WELFARE AREAS, AND TAX INCENTIVES TO IMPROVE  
THE PROFITABILITY OF INVESTMENT. CERTAINLY STIMULUS  
TO INVEST IN ENERGY SAVING AND NEW ENERGY PRODUCING  
TECHNIQUES, INCLUDING NUCLEAR, IS CLEARLY CALLED FOR.

THE RECESSION HAS BROUGHT INTO SHARP FOCUS STRUCTURAL  
WEAKNESSES IN OUR ECONOMIES THAT EXISTED BUT WERE LESS  
APPARENT IN BETTER TIMES. SHIPBUILDING, STEEL, AND  
TEXTILES ARE WIDELY DISCUSSED EXAMPLES OF WHERE OVER  
CAPACITY AND OUTDATED PRODUCTION FACILITIES EXIST AND  
WHERE JOBS ARE BEING LOST IN OUR ECONOMIES TO IMPORTS  
FROM MORE EFFICIENT PRODUCERS. AS A RESULT DEMANDS  
FOR PROTECTIONIST SOLUTIONS ARE BEING PRESSED WITH  
INCREASING URGENCY IN BOTH EUROPE AND THE UNITED  
STATES. BUT IF WE KNOW ANYTHING FROM PAST EXPERIENCE,  
IT IS THAT RESTRICTIVE SOLUTIONS IN OUR INTERDEPENDENT  
WORLD WILL LEAD ONLY TO INCREASING RESTRICTIONS AND  
A DOWNWARD SPIRAL IN EMPLOYMENT IN ALL OF OUR ECONOMIES.  
FAR FROM PROMOTING EMPLOYMENT, PROTECTIONISM WILL  
INCREASE UNEMPLOYMENT. YET UNDERSTANDABLY THOSE WORKERS  
WHO ARE LOSING JOBS AND THOSE FIRMS THAT ARE CLOSING  
PLANTS FIND IT HARD TO ACCEPT THE ARGUMENTS AGAINST  
NATIONALISTIC "BEGGAR THY NEIGHBOR" POLICIES. THE  
EUROPEAN COMMISSION AND THE AMERICAN ADMINISTRATION  
ALIKE ARE CALLING FOR RESTRUCTURING AND RATIONALIZATION  
OF INDUSTRY SO AS TO ARRIVE AT A POINT WHERE OUR PLANTS  
AND WORKERS WILL BE ABLE TO MEET FAIR COMPETITION.  
INDEED, IF THE DEVELOPING COUNTRIES ARE EVER TO

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EARN THEIR WAY WITH TRADE RATHER THAN TO DEPEND ON INADEQUATE LEVELS OF AID, THE NEEDED ADJUSTMENT PROCESS MUST BE ALLOWED TO RUN ITS COURSE. CONCERNING STEEL, PRESIDENT CARTER HAS LAUNCHED A COMPREHENSIVE OVERALL POLICY REVIEW, AND IN THE MEANTIME OUR ADMINISTRATION HAS SERVED NOTICE THAT IT WILL ACT TO OFFSET UNFAIR DUMPING PRACTICES OF OUR COMPETITORS. I AM ENCOURAGED BY THE PRESIDENT'S POSITIVE ASSESSMENT OF THE RESULTS OF THE CONFERENCE ORGANIZED LAST WEEK IN WASHINGTON TO REVIEW AMERICAN STEEL PROBLEMS. HE REPORTED THAT INDUSTRY LEADERS DO NOT WANT TO SEE IMPORT QUOTAS ESTABLISHED. THERE IS ALSO A STRONG CONSENSUS AMONG THE MAJOR COUNTRIES CONCERNED, INCLUDING THE US, JAPAN AND THE EC, THAT THERE IS A GLOBAL STEEL PROBLEM WHICH CANNOT BE RESOLVED BY INDIVIDUAL NATIONS ON THEIR OWN. IF WE HAVE THE WISDOM TO ACT ON THESE PREMISES, I BELIEVE WE CAN JOINTLY FIND A SOLUTION IN THE BEST INTERESTS OF ALL. IN GOOD MEASURE BECAUSE THE PRESSURES ON OUR TRADING SYSTEM ARE SO INTENSE, OUR LEADERS WHEN THEY MET IN LONDON DECIDED TO REVITALIZE THE MULTILATERAL TRADE NEGOTIATIONS. SINCE THEN AMBASSADOR STRAUSS, THE PRESIDENT'S SPECIAL TRADE REPRESENTATIVE, HAS TWICE COME TO EUROPE TO SPUR ON THE NEGOTIATING PROCESS. WORKING CLOSELY WITH THE EUROPEAN COMMISSION THE PROCEDURAL UNCLASSIFIED

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IMPASSE OVER AGRICULTURAL TRADE WAS BROKEN AND A "WORKING HYPOTHESIS" DEVELOPED FOR CUTTING TARIFFS. DESPITE HESITATIONS IN SOME CAPITALS, WORK IS GOING FORWARD IN GENEVA TO GET ALL OF THE DETAILED ELEMENTS OF THE NEGOTIATION ON THE TABLE BY JANUARY 15, 1978. IN THE EXPECTATION THAT A DETERMINED ADDITIONAL EFFORT WILL PERMIT AGREEMENT ON A FINAL PACKAGE TO BE REACHED WELL BEFORE PRESIDENT CARTER'S NEGOTIATING AUTHORITY FROM THE CONGRESS EXPIRES.

EUROPEAN, AMERICAN AND JAPANESE LEADERS, ECONOMISTS AND NEGOTIATORS ARE WELL AWARE THAT THROUGHOUT THE POST-WAR PERIOD, TRADE LIBERALIZATION FLOWING FIRST FROM THE MARSHALL PLAN OEEC PROGRAM AND LATER FROM FORMATION OF



THE EUROPEAN COMMUNITY AND EFTA, POWERFULLY SUPPLEMENTED ON A WORLD-WIDE BASIS IN GATT, PARTICULARLY BY THE KENNEDY ROUND, HAS CLEARLY BEEN A MOTOR FOR GROWTH AND A STIMULUS FOR INVESTMENT. THROUGHOUT THIS 30-YEAR PERIOD TRADE HAS GROWN MORE RAPIDLY THAN OUTPUT. IN RECENT YEARS, HOWEVER, THE IMPETUS TO GROWTH FROM TRADE LIBERALIZATION APPEARS TO BE WEAKENING. ERGO THE BELIEF THAT A SUBSTANTIAL NEW TARIFF CUT IN THE 40 TO 50 PERCENT RANGE WITH MINIMUM EXCEPTIONS, IF SEEN BY BUSINESS TO BE A VIRTUAL CERTAINTY, WOULD PROVIDE A NEW STIMULUS O INVESTMENT AND A CONTRIBUTION TO OVERALL ECONOMIC REVIVAL. IN THIS CONNECTION, IT IS ACCEPTED BY THE COMMUNITY AND THE UNITED STATES THAT SUCH A TARIFF CUT, GIVEN PRESENT ECONOMIC DIFFICULTIES, MIGHT HAVE TO BE STAGED OVER A FAIRLY LONG PERIOD.

IT IS ALSO ENVISAGED BY ALL MAJOR TRADING COUNTRIES THAT SUBSTANTIAL ACTION ON TARIFFS ALONE WOULD NOT BE UNCLASSIFIED

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ENOUGH. TARIFF CUTS THIS TIME, THE MAJOR GATT MEMBERS ARE AGREED, SHOULD BE ACCOMPANIED BY IMPROVED INTERNATIONAL SAFEGUARD RULES, AND BY MEASURES TO FACILITATE A SIGNIFICANT REDUCTION OF NON-TARIFF BARRIERS TO TRADE. FOR EXAMPLE, CODES ARE ENVISAGED IN THE AREAS OF STANDARDS, CUSTOMS EVALUATION, GOVERNMENT PROCUREMENT AS WELL AS FOR SUBSIDIES AND COUNTERVAILING PRACTICES. LAST, BUT FAR FROM LEAST, SIGNIFICANT NEW STEPS TO EXPAND AND STABILIZE WORLD AGRICULTURAL TRADE ARE ALSO VIEWED AS ESSENTIAL.

### III. EUROPEAN UNIFICATION

IN EACH OF THE PROBLEM AREAS I HAVE TOUCHED ON TODAY, I HAVE SOUGHT TO UNDERLINE THE REALITY OF BOTH FUNCTIONAL AND GEOGRAPHIC INTERDEPENDENCE. THE SEARCH FOR EFFECTIVE SOLUTIONS TO INTERLOCKING PROBLEMS CAN BE EITHER COMPLICATED OR FACILITATED BY THE WAYS THE CHIEF ACTORS CHOOSE TO ORGANIZE THEIR COMMON EFFORTS TO DEAL WITH THEM. IT IS IN THIS CONTEXT THAT LONG-STANDING AMERICAN SUPPORT FOR EUROPEAN UNIFICATION TAKES ON NEW MEANING - NOT FROM SOME SORT OF VISIONARY PRECONCEPTION ABOUT HOW EUROPE OUGHT TO BE ORGANIZED BUT RATHER FROM PRAGMATIC ASSESSMENT ABOUT HOW WE CAN BEST IMPLEMENT OUR EMERGING CONSENSUS FOR CONCERTED ACTION.

THE EUROPEAN COMMUNITY SINCE ITS INCEPTION HAS BEEN THE RECOGNIZED, CONSTITUTIONALLY MANDATED VEHICLE WITH

WHICH WE NEGOTIATE NEW TRADE AGREEMENTS. WHILE ALL OF  
US, INCLUDING EUROPEANS, OCCASIONALLY FIND THE PROCESS

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FM AMEMBASSY BRUSSELS

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OF INTERNAL EUROPEAN COORDINATION FRUSTRATING, I CAN  
ASSURE YOU THAT THOSE COMPLICATIONS PALE NEXT TO THE  
PROSPECT OF TRYING TO NEGOTIATE WITH NINE  
GOVERNMENTS SEPARATELY. THE SUCCESS OF THE COMMUNITY  
IN SPEAKING WITH ONE VOICE EARLIER THIS YEAR ON NORTH-SOUTH  
ISSUES WAS ANOTHER CONVINCING DEMONSTRATION OF THE POINT.

WHAT THE UNITED STATES SEEKS TODAY AND FOR THE FUTURE  
IS A SIMILARLY COORDINATED AND VIABLE PARTNER WHICH  
CAN SPEAK AUTHORITATIVELY AND CREATIVELY TO THE  
GROWING RANGE OF OTHER ISSUES IN THE GLOBAL ECONOMIC  
EQUATION, OF WHICH ENERGY AND ECONOMIC POLICY ARE  
BUT TWO OF THE MORE PRESSING. WE IN THE UNITED STATES  
UNDERSTAND THE PROBLEMS WITH WHICH EUROPEAN GOVERNMENTS  
AND THE COMMUNITY INSTITUTIONS ARE SEIZED IN THEIR  
SEARCH FOR COMMON ENERGY AND ECONOMIC POLICIES.  
WE HAVE NO "MADE IN AMERICA" PRESCRIPTIONS TO OFFER  
ABOUT HOW EUROPEANS SHOULD ACCOMMODATE THEMSELVES  
IN THE FUTURE TO THIS OBJECTIVE. BUT WE ARE ENCOURAGED  
BY THE FACT THAT, IN MANY OF THESE AREAS, THE EUROPEAN  
INSTITUTIONS - COMMISSION, COUNCIL, COURT, AND  
PARLIAMENT - ARE INCREASINGLY ASSERTING A EUROPEAN  
PERSPECTIVE IN GLOBAL COUNCILS, AND THAT INDIVIDUAL  
MEMBER STATES ARE INTENSIFYING THEIR COOPERATION AND  
COORDINATION AS THEY DEFINE THEIR POLICIES AND GOALS  
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FOR HANDLING THE ISSUES ON OUR INTERDEPENDENCE AGENDA.

I HAVE NOTED WITH INTEREST, FOR EXAMPLE, THE DECISION TAKEN BY THE EC FINANCE MINISTERS MONDAY IN LUXEMBOURG TO REVIEW AND REVISE IN COMMON ON A MONTHLY BASIS THEIR INDIVIDUAL PROJECTIONS AND STRATEGIES FOR ECONOMIC GROWTH. WE HEAR INCREASINGLY ABOUT NEW COMMISSION INITIATIVES TO RELAUNCH PRACTICAL MOVES TOWARD CLOSER ECONOMIC AND MONETARY UNION. REGARDLESS OF HOW THESE INITIATIVES MAY BE GREETED BY THE MEMBER STATES, I REMAIN CONVINCED THAT CONTINUED PROGRESS TOWARD A EUROPEAN UNION, BUILT FROM EUROPEAN CONCEPTS, IS BOTH INEVITABLE AND DESIRABLE. BUT, EVEN AS THAT PROCESS GOES FORWARD UNDER ITS OWN POLITICAL DYNAMICS, THE CONTRIBUTION OF EUROPE AS EUROPE, RATHER THAN AS A COLLECTION OF EUROPEAN STATES, TO OUR MUTUAL AND SHARED CONCERNS AND OBJECTIVES, IS REAL AND INCREASINGLY VALUABLE TO US. I, AND I BELIEVE MOST AMERICANS, HAVE FAITH IN EUROPE'S FUTURE. WHAT EUROPE NEEDS NOW, PERHAPS ABOVE EVERYTHING ELSE, IS AN ACT OF FAITH IN ITSELF, AND AN ACT OF WILL TO WORK WITH ITS PARTNERS TO SHAPE IN COMMON OUR COMMON DESTINIES...."

#### IV. CONCLUSION

YES, EUROPE AND AMERICA LIVE IN A DIFFICULT WORLD, BUT IMPLICIT IN THE PROBLEMS I HAVE MENTIONED ARE OPPORTUNITIES FOR SOLUTIONS WHICH CAN LEAD TO A BETTER LIFE FOR US ALL IF WE HAVE THE WISDOM TO SEE AND THE COURAGE TO ACT. SEEING THE POTENTIAL, WE ARE PERHAPS DRIVEN BY THE SPECTRE OF LOST OPPORTUNITY THAT HAUNTED T.S. ELIOT, UNCLASSIFIED

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WHEN HE WROTE:

"FOOTFALLS ECHO IN THE MEMORY  
DOWN THE PASSAGE WHICH WE DID NOT TAKE  
TOWARD THE DOOR WE NEVER OPENED."

ON BOTH SIDES THERE IS A STRONG COMMITMENT TO COOPERATION. I AM CONFIDENT THAT EUROPE AND AMERICA -- FACING COMMON PROBLEMS BUT SHARING COMMON GOALS -- WILL CONTINUE TO CONCERT THEIR EFFORTS TO ACHIEVE THE POTENTIAL THAT IS IN OUR COMMON FUTURE.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXT, FOREIGN RELATIONS, SPEECHES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 19-Oct-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770384-0681  
**Format:** TEL  
**From:** BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19771045/aaaablun.tel  
**Line Count:** 601  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** 08eea52c-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 24-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 867900  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AMBASSADOR HINTON'S SPEECH IN THE HAGUE FOLLOWING IS THE TEXT OF A SPEECH TO BE DELIVERED THURSDAY, OCTOBER 20, 1977 BY DEANE R. HINTON  
**TAGS:** SOPN, PGOV  
**To:** STATE  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/08eea52c-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009